

HEALTH CARE IN CRISIS

January 10, 2009

Senator Roy Brown
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Dear Senator Brown;

I applaud your efforts to explore the reasons behind the health care crisis we all are facing in this country. As a life-long Montanan and a member of the business community for the past thirty years, I wanted to share my thoughts with you and your colleagues. Today, it seems most of our political leaders equate the health care crisis with the cost of / or the lack of health insurance. I will submit that health insurance is merely a symptom of the real problem: run-away costs.

I have been lucky to have been a member of a group health insurance program that has provided reasonably priced coverage for our employees for the past thirty years.

Although the costs do continue to rise, we know the reasons why – it is entirely related to the cost of delivered health care services. Our costs are not rising because the insurance company (in our case Blue Cross/Blue Shield) is getting rich, as they simply administer the payment of claims for a small fee; and they are not rising because the doctors, nursing staff and technicians are all getting rich, as I do not believe they are – our costs are rising for three primary reasons:

- (1) Cost of Infrastructure and Diagnostic Equipment
- (2) Cost of Prescription Drugs
- (3) Cost of Specialists

Lowering any of these costs will be a difficult task at best - taking them one at a time:

Infrastructure and Diagnostic Equipment: With all due respect we Americans are a spoiled lot; we (me included) have come to expect excellent health care facilities and the best of diagnostic equipment to be readily available to us within a convenient distance of our homes. I remember a lecture about ten years ago on this subject from Doctor Sung Won Sohn, an Internationally noted Economist, he stated that if the current rate of growth in the cost of health care continues, Americans would not be worrying about their next vacation or next new car because all they will be able to afford will be health care. He gave as an example; the city of Minneapolis had more MRI's than many developing Countries! I believe our current system does provide the best care in the world, but it does so with an enormous amount of under utilized and duplicated facilities and equipment. We have small cities with multiple hospitals competing for a limited number of patients, each with their own multimillion dollar investment in equipment that is typically used for only about half of the hours available. For example, what would be wrong with having a PET scan at 2:00 AM? If your loved one is suffering from cancer, I can attest it would not be too much to ask. Consolidating Infrastructure and Diagnostic Equipment will be the most difficult of all measures to accomplish because it will require all of us to be a little more inconvenienced, it will require hospitals to close or not add

that next new addition, and to some extent it will fly in the face of our free market society.

Prescription Drugs: The single biggest reason the cost of prescription drugs continue to rise at such an alarming rate are the federal patent laws allowing drug manufacturers a virtual monopoly over new medicines and medical hardware. These companies invest tons of time, money and manpower to bring these products to market and certainly deserve a good profit; however, the question arises – is the current patent period reasonable. Keep in mind these laws, as they exist today, are already anticompetitive and fly in the face of a free market system. Two years ago, when my wife was undergoing chemotherapy, I was appalled that every week each small bag of medicine was \$7500 – but, I was also extraordinarily thankful that it was available and more than happy to pay for it – a true dichotomy!

Specialists: The ever increasing cost of medical specialists is definitely a part of the rise in today's health care costs; however, without these specialists, our health care would have advanced very little, if any, over the past twenty years. This will be a difficult area to bring about cost reduction because these costs are simply a result of the costs associated with education and supply of the particular specialty. Some degree of Federal help with the educational costs for qualified candidates would help increase the availability of specialized doctors, but too much availability could jeopardize the quality of the care itself.

Senator, I hope your hearings are productive and perhaps my input will at least provide food for discussion. I must admit a Single Payer System would, in all likelihood, force some of these difficult decisions. I certainly hope, if a Single Payer System is developed, it will include some degree of patient choice.

Sincerely;

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cc: Helena IR

Senator Dave Lewis
Senator Mike Coney
Senator Max Baucus
Senator Jon Tester